

EDINA PARK BOARD
7:30 P.M.
CITY COUNCIL CHAMBERS
OCTOBER 12, 1999

MEMBERS PRESENT: Chuck Mooty, Andy Herring, Linda Presthus, George Klus, Karla Sitek, John Murrin, Dave Fredlund, Andy Finsness, Bill Jenkins, Tom White

MEMBERS ABSENT: Floyd Grabiell

STAFF PRESENT: John Keprios, Ed MacHolda, Janet Canton, Tom Shirley, Larry Thayer, John Valliere, Ann Kattreh, Phil Johnson

OTHERS PRESENT: Gene Persha

I. APPROVAL OF THE SEPTEMBER 14, 1999 PARK BOARD MINUTES

George Klus MOVED TO APPROVE THE SEPTEMBER 14, 1999 PARK BOARD MINUTES. Dave Fredlund SECONDED THE MOTION. MINUTES APPROVED.

II. FINANCIAL OVERVIEW - JOHN WALLIN, FINANCE DIRECTOR

Mr. Keprios introduced John Wallin, Finance Director, who was asked to explain to the Park Board the financial overview of the City of Edina. Mr. Wallin indicated that he would like to start with a history of the enterprise operations including why we account for the enterprises the way we do. He explained that the enterprise facilities were originally set up as a business where each one has its own fund. The following are the enterprise facilities; Edina Art Center, Edinborough Park/Centennial Lakes, Edina Aquatic Center, Braemar Arena, and the golf courses. Mr. Wallin pointed out that the golf courses are accounted for in the audit as one fund, which includes the golf dome. However, the golf dome is separate from the golf course as funding projects. Mr. Wallin explained that, since the enterprise facilities are set up as a business, we account for the assets as depreciable assets and we use the accrual basis of accounting. He noted that some of the facilities make money, some are able to pay their own way and some need help in order to operate. At this time the only park enterprise facility that makes money is the golf dome. The reason is because the golf dome was purchased in 1988 with revenue bonds which afforded us revenue to pay the capital indebtedness for the arenas revenue bonds. The cash flows at that time with the work being done at the arena showed that the arena was not going to be able to pay for its debt. Therefore, the dome was looked at as a

moneymaker to pay that debt and has been working very well since it was purchased. Mr. Wallin stated that most of the other facilities are breaking even. He explained that when they look at balancing a budget they look at a five year plan based on paying for its operation. He indicated that paying for its operations include doing upgrades and construction projects that are on a long-term basis. Mr. Wallin pointed out that no one has ever looked at the golf course as pooling a bunch of cash within or using the facility to fund other operations like we do with the golf dome and the liquor stores. He stated the golf dome and liquor stores are in a business to make money and it's the profit from the golf dome and liquor stores that go into various other facilities as well as the general fund. Mr. Wallin commented that the city councils of the past have never focused on any of these enterprise facilities to make money with the exception of the golf dome. They have always looked at the fees and charges as a way to pay for the operations.

Mr. Wallin pointed out that as you look at other cities most art centers are not set up as an enterprise fund. He noted that the Edina Art Center is an enterprise fund and that the city councils of the past have chosen to subsidize it for its annual operation as well as its capital. He indicated that the same thing is true for the arena, however that is subsidized more with its capital than with its operation.

Mr. Wallin stated that some of the capital purchases have run deficits in which a few still exist on the books right now. He explained that the golf course still has deficits based on a few reasons. First, in 1992 the new nine hole course was built (holes 19-27). Secondly, before the Fred Richards Golf Course was purchased we knew that we could not operate at a positive cash flow or come anywhere close to breaking even for a number of years. The city council was aware of this but decided that it was more important to own and renovate that course and that is one of the reasons why you still see a cash deficit at the Fred Richards Golf Course. Mr. Jenkins asked that aside from the debt service, does the Fred Richards Course still have an operating deficit. Mr. Wallin replied no, it's paying its operation but it is not quite covering its debt. Mr. Herring asked which debt that is. Mr. Wallin responded that it's the debt service from the 2.5 million dollar bond issue it took to buy the land and renovate the course. The project ran over approximately \$400,000. Mr. Jenkins asked where did the funds come from for the \$400,000. Mr. Wallin indicated that they did a cash pool investment where there are a number of funds other than the enterprise funds. If there is a deficit in one fund there has to be a surplus in another in order to have a zero balance. Mr. Wallin pointed out that with the five-year plan that the investment advisory committee has been working on, hopefully all of the cash deficits should be at a break even point within the next couple of years.

Mr. Wallin explained that the enterprise facilities are expected to fund their own capital plans. In the case of Edinborough and Centennial Lakes Park, their capital plan is essentially a trust fund which is a result of the tax increment district. The interest from the trust fund, however, is used to pay for park operational expenses.

Mr. Wallin indicated that they are also working towards a new capital plan for the general park fund as well as the facilities. Mr. Jenkins asked how many years has it been since

there was a capital plan for the general park fund. Mr. Wallin replied that basically the capital plan ceased during the beginning of the park bond referendum, which was 1996. He noted it is scheduled to begin funding again in the year 2000. Unfortunately, some more crunching of numbers needs to be done because there are more projects than funds. Mr. Wallin pointed out that years ago there used to be a component of the general fund which was used to finance the capital plan and that amount was approximately \$180,000. However, by the early 90's it dropped to approximately \$117,000 and then down to \$60,000. He stated that about the time towards the end of that last recession it was zeroed out because the city council saw more pressing needs with the idea that they would eventually get back into funding a capital plan.

Mr. Murrin asked why so much of the bond referendum money had to be spent within a certain period of time and why was the Aquatic Center spending considered to be a loan. Mr. Keprios explained that all of the money had to be spent within a 24-month period in order to be able to spend the interest earned on the principle. Otherwise, the earned interest would have been forfeited to the IRS. He noted that they spent beyond that amount and, therefore, borrowed money from the Developer's Fund. The money was used to purchase and install the water play feature in the zero depth pool with the understanding that when the aquatic center could afford to it would pay back the loan to the Developer's Fund. This money would then be used to build and finish the comfort station at Wooddale Park.

Mr. Mooty noted that Mr. Wallin has indicated that the plan is going forward and shows that the cash deficits are now more in line. He asked what is causing these projections to be more in line. Mr. Wallin replied it is a combination of things. He explained that when he first came on board 15 years ago the arena had about a \$750,000 cash deficit which has continued and for years has been unable to pay down that deficit. However, in 1998 they were able to make the first installment and the investment advisory committee is looking at making three more installments. Therefore, the arena will ultimately be breaking even as far as a cash basis is concerned. Mr. Wallin explained that it's a combination of looking at operations, reducing costs and looking at subsidies. Mr. Wallin pointed out that the way the committee wants the Art Center to go is it's going to require a subsidy to move forward. Mr. Murrin asked how much to which Mr. Wallin responded in the past it has been anywhere between \$30,000 and \$60,000 a year.

Mr. Herring asked how did the arena do last year. Mr. Wallin noted that it had a deficit before depreciation of \$158,000. Mr. Wallin further explained that depreciation is not a funded account.

Mr. Klus noted that the pool had an operating profits of only \$69,000 so there appears to be no way that the aquatic center will be able to pay back the rest of the loan to the Developers Fund this year. Mr. Klus asked if the Aquatic Center would be able to pay the loan back in two years. Mr. Wallin stated that the aquatic center has been operating at a profit the past several years and has been able to pay off its cash deficit including debt service before depreciation. Again, depreciation is not a funded account.

Mr. Herring asked about Edinborough Park and Centennial Lakes. Mr. Wallin explained that Edinborough Park and Centennial Lakes has a trust that was set up originally by the developers. It's another Developer's Fund that is held separately and is used only for the southeast Edina district. He indicated that this park fund had a loss of approximately \$200,000 in cash, which was funded through a transfer from this specific Developer's Fund, which we refer to as the Edinborough/Centennial Lakes trust fund.

Mr. Murrin indicated that he thinks Edinborough Park and Centennial Lakes are both wonderful environments and can't understand why they are not profitable. Mr. White asked if this Developer's Fund can only be used to fund losses for Edinborough Park and Centennial Lakes. Mr. Wallin noted no, that it is held within the general fund and is designated by the city council.

Mr. Herring indicated that it was noted that the golf course had an operating deficit of \$239,000 and asked if that was after depreciation. Mr. Wallin stated that's on a cash basis. Mr. Wallin stated that the golf course last year made \$406,000 before debt service and depreciation. With \$510,000 in depreciation and \$300,000 in debt service payment, that equates to a loss of about \$400,000.

Mr. Herring asked if the golf course cash flow is positive \$600,000 and the pool's cash flow is positive \$200,000, then shouldn't those enterprises be able to cover the operating deficit. Mr. Wallin stated yes. Mr. Herring asked why then can't we have a capital fund. Mr. Wallin replied that the city council made that decision a few years ago.

Mr. Wallin noted that the capital plan for next year would include over \$300,000 worth of general fund park improvements and \$200,000 worth of the facility improvements at the art center and the arena, that have a difficult time financing their own capital improvements. Mr. Wallin also explained that doesn't include everything city-wide that is on the same plan. Therefore, that is part of the balancing act that they are trying to get into at this point.

Mr. Klus indicated that from what he understands it seems that most of our capital improvements have always been through bond issues. We wait until everything wears out then do a bond issue to replace everything. Hopefully this will not happen anymore and we will have some capital money so that we can actually maintain things as we need to. Mr. Wallin commented that Mr. Keprios did a study back in the early 1990's showing that a minimum of \$200,000 was needed in order to keep up. However, the most the capital plan ever had available was \$120,000 to \$130,000 to fund general park projects.

Mr. Herring asked Mr. Wallin to talk about the Developer's Fund. Mr. Wallin explained that basically as a developer comes into the city they buy into the park system. Eight percent of the value goes into the Developer's Fund. However, sometimes the developer can give us part of the land in lieu of cash. Mr. Wallin indicated that over the years the Developer's Fund has increased and decreased as projects have come along. Mr. Keprios

pointed out to the Park Board that they are not the only ones who compete for funding from the Developer's Fund. The Art Center Board, which is not subordinate to the Park Board, can also ask the city council for money from the Developer's Fund. Mr. Mooty asked what is the balance right now in the Developer's Fund in which Mr. Wallin replied that right now it is at \$257,000.

Mr. Mooty asked if anyone else has borrowed money from the Developer's Fund other than the aquatic center. Mr. Wallin indicated that the aquatic center still owes the Developer's Fund \$83,000 and after that there are no other outstanding loans.

Mr. Keprios commented that he just sent an invoice to Paragon Cable for \$213,000 for payment for the building at Garden Park. Mr. Wallin explained that at this point he will not know until the end of the year exactly how the fund will balance. He indicated that one of the things he has to do is close out the park referendum fund. He has to be able to zero that out which includes all of the interest and all of the funds received from Paragon Cable or anything else. He has to be able to match revenues with expenditures. Mr. Klus asked if it's possible that the Developer's Fund could go down from what we projected to it being zeroed out, in which it was noted yes.

Mr. Jenkins asked how much is in the Developer's Fund at Centennial Lakes and Edinborough Park. Mr. Wallin replied it is just short of 5 million. Mr. Mooty indicated that at a previous meeting it was discussed that there is some concern as far as the longevity of that fund being able to support Edinborough/Centennial Lakes Park on an ongoing basis. At some point that may be a diminishing amount and thus a concern. Mr. Wallin responded that has been a concern of his for quite some time.

III. EDINBOROUGH PARK PRIVATE RENTALS - GENE PERSHA

Gene Persha, Edina resident, explained that his daughter and several other kids went to Edinborough Park to take some pictures in the grotto area for homecoming. He indicated that they were turned away because there was a wedding going on and therefore were asked to leave. He explained there was some miscommunication because one of the parents had made arrangements informing the staff at Edinborough that approximately 30 high schools students and parents would be there to take these pictures.

Mr. Persha indicated that he is a little prejudiced towards Edinborough because he pays taxes for the place but he feels he doesn't get his money out of it. He noted that maybe it's a facility that is underused by Edina residents, however, he feels he has a preeminent right to use the facility for a short period of time to take pictures. Mr. Persha stated that Mr. Keprios explained this situation very adequately to him that it was rented out. He noted that he understands that money needs to be generated to pay for the facility. However, he suggested that maybe the high school, students and parents could have preeminent rights, if you will, to use the grotto area to take pictures for prom and homecoming for a short period of time. He noted that he is sure that his parent colleagues

would support him on this. Mr. Persha stated that he also would like to see Edinborough Park used a little bit more for community functions.

Mr. Keprios indicated that as Mr. Wallin's report states Edinborough Park is approximately \$200,000 in the hole every year and it's going to get worse before it gets any better with the continued dwindling of the Developer's Fund (trust fund). Mr. Herring asked if staff could look into whether or not reasonable accommodations could be made to have the park stay open a little later on these few special evenings for people to take photographs in the grotto area. Mr. Keprios replied they would be happy to look into that, however, the question is do we forego any fees that could otherwise have been collected. Mr. Herring noted that it would have to be a reasonable accommodation where the grotto area could be left open an extra hour even though the park has a private rental.

Mr. Shirley pointed out that usually they do accommodate special events such as prom and homecoming. However, this time there was a conflict because the wedding guests were arriving at the same time. Mr. Finsness asked if there are numerous requests on homecoming night for pictures to be taken there. Mr. Shirley replied that it's not so much requests but more that people are just showing up.

Mr. Klus suggested that whoever is working on the committees for prom or homecoming he would hope they would call the manager of the park to see if they could be accommodated for a certain period of time for picture taking. Mr. Persha commented that he thinks that would be very fair.

Mr. Persha further commented that Edina has an outstanding park system.

IV. FEES AND CHARGES

Mr. Wallin explained that the philosophy on the fees and charges is that some are used to make money and some are used to break even. He pointed out that the philosophy for the fees within the general fund has a totally different philosophy and that is based on the state statutes. The state statutes say we cannot make money on a service, we can only charge a fee that will pay for the operation and what it costs us to provide the service.

Mr. Wallin indicated that two places where they want to make a profit are the liquor stores and the golf dome in order for us to be able to take money out of one fund and put it into another where the money is needed.

Mr. Keprios noted that he would like to mention a few things that were not mentioned in his staff report. He indicated that coach pitch is going to be removed from the fees and charges list because the Edina Baseball Association is going to take over that program and they are very excited about it. Therefore, he would like for that to be part of the motion for the fees and charges.

Mr. Keprios indicated that he has heard back from a spokesperson for the bandy players and was told that they will be back this year, however, they feel we are gauging them with the fee we are charging.

Mr. Keprios pointed out there are some new items listed under general park areas; resident use per hour and resident use per day. He commented that he has had several requests over the last few years where people have wanted to rent the general park and he never had a designated category for this request. Therefore, he is proposing that it be the same fee that is charged for an athletic field rental because that is basically the same size area the residents are requesting. Mr. Keprios pointed out that he has also had a lot of requests to privatize their use of the hard surface pathways for either a fun run, fundraiser or a family function. He noted that there usually are some costs involved with setting up traffic cones and other special requests. Therefore, he is proposing a fee be established for these requests.

Mr. Keprios indicated that the Athletic Association User Participation Fee is going from \$6.00 to \$7.00, which will generate approximately an additional \$9,800.00, which includes both field use and outdoor hockey rink use.

Mr. Keprios noted that he felt the new comfort stations would get a lot more use than they have had if they lowered the fee. He indicated that he had almost as many people turn away as he had rentals. He stated he would like the four facilities to be charged the same fee and believes that we will still be able to cover expenses.

Mr. Klus asked Mr. Shirley, Manager of Edinborough Park and Centennial Lakes, if there is not a family pass being offered because it looks like there is only an individual pass where names can be added up to a maximum number. Mr. Shirley replied that is correct, there used to be so many different categories and it was so confusing that this system should work a lot better. Ms. Presthus asked if Edinborough charges a different rental fee for residents and non-residents. Mr. Shirley replied there is no price difference because what was happening is people were finding Edina residents to rent the facility for them.

Larry Thayer, Manager of Braemar Ice Arena, indicated that most of his fees went up \$5.00 which will generate approximately \$30,000 and added that the fees are still competitive with the surrounding communities. Mr. Keprios commented that Mr. Thayer's profit and loss statement shows that the arena is \$46,000 ahead of where they were last year at this time. Mr. Thayer stated that the arenas are open from 6:00 a.m. to 11:00 p.m. 7 days a week with the exception of a couple of weeks in the summer when they are shut down for maintenance.

John Valliere, Golf Course Manager, passed around a handout comparing Edina's golf course fees with surrounding communities that have the same municipally or county run courses. He pointed out that Braemar was built in 1963 so we have retired a lot of our debt, however, new golf courses today still have a lot of their debt and that is why they do

charge a little bit more than Braemar. Mr. Valliere stated that Braemar Golf Course is a very good product for a very good price.

Mr. Valliere indicated that the second page of the handout shows the fees and charges for the last three years and they tend to be in the 4.5 to 5 percent range annually. He noted that fees are cost driven and that they could certainly generate more money but their philosophy is to charge a fair price.

Mr. Mooty indicated that it seems to him that the numbers at the Fred Richards Golf Course have dropped and asked if that is a correct statement. Mr. Valliere replied that most golf courses around the metropolitan area are down 7% to 8% from last year because we had such a wonderful spring, summer and fall in 1998. However, he does feel that we do need to go out and promote the Fred Richards Golf Course a lot more.

Mr. Valliere noted that they have a lot of customer loyalty. In the late 1970's there were 800 patron cards sold and when it grew to 1,800 they realized they didn't have enough golf course. He indicated that the patron card holders are residents of the community and were saying they have a patron card but cannot get on the golf course. That was when the new nine hole course was built. Mr. Valliere stated that a lot of people don't realize that the Fred Richards Course even exists, therefore, it does need to be marketed more. It was asked does the Fred Richards Course compete with Braemar and it was noted that they are in competition with each other. Also, one of the contributing problems with the Fred Richards Course is that there are a lot of goose droppings on the course and it has really become a bad situation. Right now and in the spring the course is covered almost 100%.

Mr. White asked Mr. Valliere how many patron cards he sold to which he replied 2,700 and that is an increase over last year. Mr. White asked Mr. Valliere if the patron card price was raised \$5.00 does he think it would have any effect on the sales of the patron cards. Mr. Valliere noted that it depends on the number of rounds each golfer plays a year. If you just charge the patron-card holder maybe a little more for a round of golf, as opposed to raising the patron card, you could potentially take in more revenue based on the number of rounds of golf played. Mr. Valliere suggested that raising the patron-card fee would have a negative effect on the senior population, which is a large portion of our business. Mr. Mooty noted that it might be a bigger issue for those who play fewer rounds of golf. Mr. White noted that he feels that for those who play 10 or 11 rounds a year, it would not make a big difference if we raised the patron-card \$5.00 bucks.

Phil Johnson, Manager of the Peggy Kelly Media Art Studios, indicated that he is here on behalf of Diana Hedges, Director of the Edina Art Center. Mr. Johnson pointed out that this is the first time the Art Center has raised their fees since 1995 and that the fee increases are nominal. Also, these are the first fee increases for the Media Arts Studio since it began in 1996. Mr. Keprios commented that he has also shown these fees and charges to the Edina Art Center Board. The Art Center Board noted that they are not a subordinate group to the Park Board but indicated that they do support staff's recommended fees and charges.

Mr. MacHolda indicated that he is proposing to raise the aquatic center fees quite a bit. He stated that his daily admission fee hasn't had an increase since 1997. He noted that the season tickets haven't gone up for two seasons with the reason being that we have been able to meet our expenses plus provide ourselves with a little capital. Mr. MacHolda explained that for years we typically sell around 1,400 season tickets and this season over 3,000 season tickets were sold. Mr. MacHolda pointed out that the non-resident base has really increased.

Mr. MacHolda informed the Park Board the aquatic center's fees have not been comparable with other aquatic center facilities of similar design. He indicated that Eagan just built a new aquatic center and they charged \$162.00 for a season pass for a family of four, in Edina the same season pass was \$80.00. He stated that St. Louis Park has been open for a couple of seasons now and they charged \$128.00 for a resident family of four and \$176.00 for a non-resident family of four. Mr. MacHolda noted that the primary motive for the proposed 2000 fees is to put us in the same line as comparable aquatic facilities. He also explained that expenses are going up and commented that there is a lifeguard shortage and those wages will be going up in order to fill the positions.

Mr. White asked what does the aquatic facility at Eagan have. Mr. MacHolda replied that they built a very nice 7.1 million dollar aquatic center that has a lazy river and two water slides. He noted that St. Louis Park has 2 water slides. Mr. MacHolda indicated that what Edina has over everyone else is the large play structure in the zero depth pool. He feels we are the best ticket around for children aged 14 months to 8 years.

Mr. Jenkins stated that he knows Mr. MacHolda was concerned when St. Louis Park built their pool and asked how has that impacted Edina's numbers. Mr. MacHolda replied that the season tickets have continued to increase despite St. Louis Park's aquatic center. He stated, however, that Edina will start to have additional competition in the near future because Bloomington and Richfield are both supposed to be getting new aquatic centers.

Mr. White indicated that Mr. Herring asked him to bring up the fact that he is concerned with having pathway closures at Bredesen Park and Rosland Park. Mr. White noted that he personally thinks if you close Bredesen Park for an hour or two and tell people they can't use it, we will be hearing from a lot of unhappy residents. Mr. Jenkins asked how can we close down a park for a day or even an hour. Mr. Keprios replied that in the past he has mandated that groups who are renting the area need to post signs at least two weeks in advance of the event indicating that the park will be closed to the public for a specific day and time. Mr. Keprios indicated that to date he has only had one request for Bredesen, which he did not allow. He noted that he has had several for Rosland Park and they have worked quite well. Mr. White stated that he feels with Bredesen Park it would have to be non-exclusive use. Mr. Keprios replied they could try that and see how it works. Mr. Mooty asked what is the benefit of this because it would not be a big money maker. Mr. Keprios replied it would be to accommodate resident requests. Mr. White indicated he thinks there could still be a fun run there, it just doesn't need to be exclusive.

Mr. Mooty indicated that he doesn't necessarily see the fee as being reflective of the potential inconvenience. Mr. Jenkins commented that he thinks it's deeper than the fee itself. Mr. Mooty noted that he doesn't disagree with that because he believes that the fee is not commensurate with the inconvenience to the public. Mr. Murrin indicated that he thinks this would be a good outlet for the community to be able to do something like this.

Mr. White again noted that he doesn't think this is something that should be exclusive. Mr. Murrin suggested that signs could be posted indicating please be patient and space may be limited while such and such an event is going on. Ms. Presthus asked will we still be charging them and it was noted yes. Ms. Sitek indicated that she doesn't feel they should be charged. Mr. Klus commented that he would like to see the community open up their parks to certain types of races, however he does not want it to be exclusive. He noted that there should be a fee for these runs because their participants are usually charged a fee. Mr. Klus also added that these events only take a few hours, it's not a whole day event.

Mr. Mooty suggested having a maximum amount of time, such as two to three hours, for these types of events. Mr. Jenkins suggested having a fee and just calling it a use fee. Mr. Keprios commented that he would be happy to handle this administratively and let the residents know that it will not be exclusive and there will not be a charge. However, they will have to reimburse the city for any expenses incurred such as providing barriers and additional staff for clean-up. Mr. Keprios noted that he will take the fee off completely for Bredesen Park. However, he noted that Rosland Park is becoming more and more popular. Mr. Mooty noted that he sees Rosland Park a little bit different than Bredesen Park. Ms. Presthus asked if there is already an established fee for that to which Mr. Keprios replied there hasn't been one in the past but he is recommending one.

Mr. Finsness indicated that it seems to him that the fees at the aquatic center on a percentage basis are quite a bit higher than most of the other facilities and asked why is that. Mr. MacHolda replied they want to put Edina in the same market as comparable facilities. Mr. MacHolda noted that if you look at enterprise facilities as a business, we should be charging what the market will bear. However, swimming lessons are considered to be a break-even program and therefore would be more in line with what Mr. Finsness is saying. Mr. White indicated that it seems like everyone else is charging \$130.00 and we are only charging \$80.00 for a resident family of four. Mr. Klus commented that he doesn't think the Edina Aquatic Center is worth \$130.00 because we are only getting the younger kids and not the older ones. Mr. Finsness indicated that the golf course was only raised \$1.00. Mr. White noted that he would like to see the patron card go a little higher. Mr. MacHolda stated that Edina charges 50% less than what Eagan charges and noted that the golf course does not charge 50% less than area golf courses. Mr. MacHolda pointed out that he is not going as high as Eagan but he would like to charge what the current market is willing to bear and that is the reason for the big increase.

Mr. Klus indicated that he pays \$170.00 for a non-resident 12 month pass to Eden Prairie's community center which includes their pool. Mr. MacHolda stated that he is trying to compare himself with other outdoor facilities. He also noted that Edina's season is from Memorial Day weekend through Labor Day and no other outdoor facility is open that long.

Mr. Keprios asked Mr. Wallin how he views the fees for the aquatic center that have been recommended by staff. Mr. Wallin responded that he thinks it has to come in lieu of what his committee will be doing with the five-year plan. As we look forward to the next five years, the operation of the pool will need to cover the costs of projected expenditures that the pool will need to remain attractive and competitive. He indicated that Mr. MacHolda has informed him that we will be needing a new water slide in the next two years and that is not going to be a cheap undertaking. If we want the facility to keep up, we need to start building up now so we do not drop into the hole in order to buy a new slide or make other needed renovations. Mr. Klus indicated those are capital expenditures and not operating expenses. Mr. Mooty indicated we get to a point where we have a capital intensive element and we know we need to cover costs as we go down the line. However, his question is what's the assurance that we get to keep it from the standpoint of being able to utilize that capital so that we do keep it a competitive and high demand piece of property. Mr. Wallin noted that has been the philosophy of Mr. MacHolda's as well as himself when they talk about the aquatic center. He noted when major renovations were done in 1992 and the water slide was put up, the facility was very much in the red and had a long standing cash deficit. He explained that while the pool was working its way out of the cash deficit part of the profits after that point went to pay off that cash deficit and the other part went back into the facility. Mr. Wallin noted that he believes it is very important that we keep ahead of the improvements so we don't find ourselves with an old facility where everything needs to be replaced before it becomes hazardous or an eyesore. Mr. Wallin pointed out that the only thing the investment advisory committee is focused on is the five-year plan. However, if part of the plan is to do something further down the line, then that should be looked at as well.

Mr. Keprios commented that in defense of what Mr. Finsness was saying earlier, we try to carry the same philosophy through the whole fees and charges structure. However, it can't be the same for every program and facility. Again, some have a tremendous subsidy, some make a lot of money and others tend to break even. He pointed out that if we were to charge the actual cost of the playground program, the user would pay approximately \$75.00 per kid. Also, if we were to charge the art center users what it actually costs to run the facility, then we would likely have to shut the doors. Therefore, we have to find what is the best way to maximize the service and still make it accessible to the general public.

Mr. White commented that it seems like the pool is making a lot of money and yet we are still raising the fees a lot and there are other facilities that are not making very much money and we are not raising those fees very much. Mr. Klus commented that on the same side we are letting the golf course fund some of the capital improvements and we

are not using those profits to fund general park improvements, which he suspects is a controversial issue.

Mr. Wallin indicated there is another way to look at this, the golf course has put millions of dollars into the facility and has added a third nine hole as well as a lot of expanding over the years. He noted they used a bond issue to do a lot of this. One philosophy is to use a pay as you go approach, which means that the current user pays for the cost of the current capital but not pay for the cost to replace it for future users. Mr. Wallin noted that his recommendation would be that the profits should basically go back into the facility. However, he wouldn't want to see the aquatic center turn into a profit center and accumulate cash. We would just put money away to eventually go back into the pool at a future date.

Mr. Mooty indicated that it is his understanding there is no assurance the money generated from the pool will go back into the pool. Mr. Wallin replied that is correct, it is up to the city council what is done with it. Mr. Mooty asked Mr. MacHolda based upon the incremental fee structure, what does he think it's going to contribute? Mr. MacHolda replied he doesn't know. He indicated that he is surprised that the numbers have gone up with the competition that is out there. Mr. Mooty indicated that part of the rationale for him to look at this increase at the pool is because we know we have some things on the horizon which need to be done. Therefore he would like for the Park Board to suggest to the city council that this is the rationale behind the proposed increase and to reserve some of those incremental dollars for these future improvements. Mr. Finsness noted that it would be a lot easier to tell the pool patrons that.

Mr. Klus suggested passing the fee structure and at the next Park Board meeting discuss how we would like to see the enterprise facility money spent and pass that on to the city council. Maybe they will look at it differently and have a different philosophy than what has been in the past. Mr. White indicated that it is his understanding that the city council has never taken money from the pool to pay for something else. Mr. Klus commented that they could if they needed to balance everything out to zero. Mr. Wallin noted that most of the money has been taken out of the liquor fund and utility fund in order to balance everything out to zero. Mr. Klus noted that he just would like to make sure that the city council hears our thoughts on this issue. Mr. Keprios pointed out that he thinks this issue will come before the Park Board once Mr. Wallin and his committee are prepared to make a recommendation to fund a future capital plan. He added that this will most definitely be a controversial topic.

John Murrin MOVED TO RECOMMEND THAT THE EDINA CITY COUNCIL APPROVE THE FEES AND CHARGES AS PROPOSED BY STAFF WITH THE EXCEPTION OF A \$5.00 INCREASE ON THE GOLF COURSE PATRON-CARD AND NO EXCLUSIVE USE ALLOWED OF THE BREDESEN PARK PATHWAY. George Klus SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Mr. Valliere indicated that he would like to point out that there was a \$5.00 increase on the patron card just two years ago and in the past he has been raising that fee once every five years.

V. OTHER

A. Donations Policy - Mr. Keprios handed out his first attempt on writing a donations policy which will be controversial, however, it is still in its infancy stage. He explained that he put a lot of thought into this as well as he met with the Edina Historical Society to get their thoughts. Mr. Keprios indicated also has a meeting coming up with the Executive Director of the Edina Foundation and Gordon Hughes to explore other options. He noted that he will have more information on this topic at the next Park Board meeting.

B. Community Center Update and Community Education Services Report - Mr. White asked Mr. Mooty and Ms. Presthus if they would be okay with presenting their reports at the next Park Board meeting to which they agreed.

VI. ADJOURNMENT

George Klus MOVED TO ADJOURN THE MEETING AT 9:40 P.M. Linda Presthus SECONDED THE MOTION. MEETING ADJOURNED.